



United States Senate
WASHINGTON, DC 20510-0905

April 24, 2017

The Honorable Mitch McConnell
Majority Leader
U.S. Senate
Washington, DC 20510

Dear Leader McConnell:

We urge you to take immediate congressional action to address Puerto Rico's "Medicaid cliff." As you know, the Affordable Care Act (ACA) provided Puerto Rico's Medicaid program with a one-time increase of \$6.4 billion in federal funding for the territories to last through 2019. However, these funds are expected to run out later this year, leaving Puerto Rico facing a Medicaid cliff that will have far-reaching consequences for both the island and the continental United States.

In the 50 States and the District of Columbia, federal funding of Medicaid is open-ended, with the federal contribution known as the Federal Medicaid Assistance Percentage (FMAP), ranging from 50 percent for the wealthier states to 83 percent for poorer states. In the territories, however, federal Medicaid funding is capped and Puerto Rico's FMAP is statutorily set at 55 percent—far below the FMAP rate the island would receive if its rate were calculated the same as it is in the states. Once the island's annual federal funding cap is reached, the territory's government is responsible for the remaining Medicaid costs, which the current economic situation on the island will not allow.

The ACA provided a one-time increase in Medicaid funding for the territories to last through 2019. According to the Puerto Rican government, the additional funding will likely run out before the end of 2017. It is our understanding that this depletion, coupled with Puerto Rico's current fiscal crisis, is making it difficult for the Puerto Rican government to finalize its Medicaid Managed Care Plan contracts before the next fiscal year begins on July 1, 2017.

While Puerto Rico has taken steps to address the financial issues it faces, the Medicaid cliff is exacerbating the challenges the island is working to overcome. Failure for Congress to address this funding gap would likely result in a significant increase in Puerto Rican migration to the U.S. mainland, placing substantial stress on state programs and increasing costs for U.S. taxpayers.

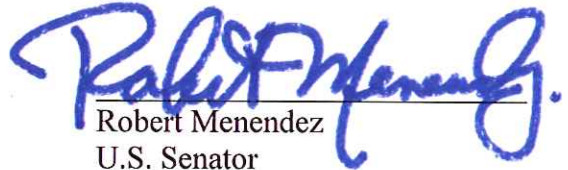
Last December, the Congressional Task Force on Economic Growth, which was created through PROMESA (P.L. 114-187), released a bipartisan, bicameral report, including steps that can be taken to help Puerto Rico's economy stabilize and grow. The Task Force recommended that Congress address the impending Medicaid funding cliff by enacting fiscally-responsible legislation. As members of the Task Force, we are calling on you to work with us and the Puerto Rican government to enact such legislation immediately by including it in must pass legislation such as the Continuing Resolution or Omnibus.

The current situation requires our immediate attention and it is vital that Congress and the Administration work together to resolve this matter. We appreciate your attention to this matter and look forward to working with your department as we address this pressing issue facing U.S. citizens in Puerto Rico.

Sincerely,



Bill Nelson
U.S. Senator



Robert Menendez
U.S. Senator